

ORIGINAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.

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JUL - 5 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
)  
Local Exchange Carriers' Rates. )  
Terms, and Conditions for )  
Expanded Interconnection Through )  
Virtual Collocation for Special Access )  
and Switched Transport )

CC Docket No. 94-97  
Phase I

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**PETITION FOR PARTIAL RECONSIDERATION**

Bell Atlantic<sup>1</sup> respectfully requests the Commission to reconsider its May 11, 1995 Order<sup>2</sup> insofar as it did not apply its own standard when calculating the overhead loadings for "comparable" access services to be used in developing rates for collocation services. In particular, the Commission calculated Bell Atlantic's overhead loadings solely based upon access channel terminations that do not use interoffice mileage, while the Commission's standard specifies that "comparable services" include a combination of channel terminations with and without interoffice mileage.

In the Order, the Commission concluded one phase of an investigation of the rates for expanded interconnection ("virtual collocation") services filed by a number of local

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<sup>1</sup> The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

<sup>2</sup> *Report and Order*, FCC 95-200 (rel. May 11, 1995) ("Order").

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exchange carriers (“LECs”), including Bell Atlantic. In prescribing interim rates, to remain effective pending investigation of other issues, the Commission specified the overhead loadings that should be applied to the relevant costs to determine the virtual collocation rates.<sup>3</sup> The policy that the Commission established in deriving those loadings was that “LECs may not recover a greater share of overhead loadings in their rates for virtual collocation services than they recover in rates for ‘comparable services,’ absent justification.”<sup>4</sup>

In deciding what constitutes “comparable” point-to-point access services for the purpose of this determination, the Commission favorably cited the Common Carrier Bureau’s findings:

The Bureau noted that these point-to-point services use the same basic types of equipment in the LEC’s central offices as do virtual collocation. Since point-to-point services are offered in two basic forms -- as services providing channel termination with and without interoffice mileage -- the Bureau included both of these forms within the scope of comparable services.<sup>5</sup>

The Commission has, therefore, explicitly found that point-to-point access services that are “comparable” to virtual collocation services include both channel terminations with interoffice mileage and those without such mileage. The Commission failed, however, to apply this finding when it calculated the overhead loadings it used to set the

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<sup>3</sup> *Id.* at ¶ 106 and App. C.

<sup>4</sup> *Id.* at ¶ 5, affirming an earlier Common Carrier Bureau Order in this proceeding, *Memorandum Opinion and Order*, 9 FCC Rcd 5154 at ¶ 128 (Com. Car. Bur. 1994) that established that policy standard. Bell Atlantic does not seek reconsideration of that policy standard.

<sup>5</sup> Order at ¶ 39, citing *Ameritech Operating Companies, et. al., Order*, 10 FCC Rcd 1960 at ¶ 18 (Com. Car. Bur. 1994) (emphasis added).

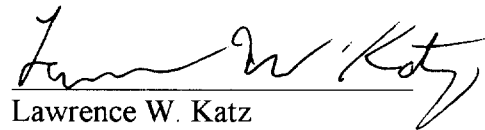
interim virtual collocation rates.<sup>6</sup> Instead, it calculated overhead loadings with reference only to channel terminations without interoffice mileage.<sup>7</sup> This error caused the overhead loadings to be somewhat lower than they would have been had the Commission properly applied its own standard.<sup>8</sup>

Accordingly, the Commission should reconsider the Order insofar as it calculated the overhead loadings of “comparable” services in a manner inconsistent with its own policy standard.

Respectfully Submitted,

**The Bell Atlantic Telephone  
Companies**

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July 5, 1995

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<sup>6</sup> Order at App. C.

<sup>7</sup> In the Direct Case in this proceeding, Bell Atlantic pointed out that the Bureau had improperly applied its own standard in its “partial suspension” of Bell Atlantic’s original rates and showed the loadings that should have been applied under the specified standard. The Commission did not address that showing in the Order. For convenience, Bell Atlantic is attaching the relevant portion of its Direct Case.

<sup>8</sup> Proper application of the standard would have resulted in a loading factor of 1.79 for DS1 and 1.28 for DS3, rather than the 1.35 and 1.23 factors the Commission applied. This calculation is shown in the attachment.

**ATTACHMENT**

Calculation of Overhead Loadings Using the Commission's Standard

From Reply to Oppositions to Bell Atlantic's Direct Case (filed April 11, 1995) at 3-5.

### III. Overhead Loading Calculation

In the Suspension Order, the Commission failed to calculate the interim overhead loadings based upon Bell Atlantic's comparable end-to-end service. It selected "comparable services" for this purpose based on the finding "that the DS1 and DS3 virtual collocation services are comparable to all point-to-point DS1 and DS3 services."<sup>1</sup> However the overhead loading the Commission used for the interim rates was not that used for "all" DS1 and DS3 services, but only the channel termination, without interoffice mileage.

Instead, the Commission should have assigned overheads that reflected a mixture of the two types of service, and any final prescription in this proceeding should calculate the loading in this manner. The proper overhead, under the Commission's own definition, can be calculated by using the overhead loading information provided in Bell Atlantic's Tariff Review Plan and the mix of services data found in the Direct Case, as shown in the following table:

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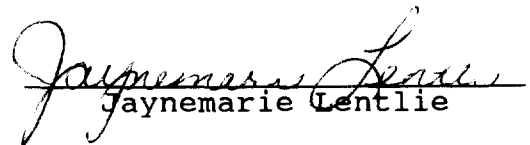
<sup>1</sup> The Commission determined that point-to-point services take two forms - channel terminations with interoffice mileage ("IOF") and channel terminations without IOF. **See** Suspension Order at ¶¶ 17-18.

SERVICE CATEGORY	OVERHEAD	% MIX	WEIGHTED OH
DS1 without IOF	1.35	34%	0.46
DS1 with IOF	2.01	66%	1.33
<b>DS1 Service Overhead</b>			<b>1.79</b>
DS3 without IOF	1.23	77%	0.95
DS3 with IOF	1.45	23%	0.33
<b>DS3 Service Overhead</b>			<b>1.28</b>

Based upon this calculation, the overhead loading factor for DS1 virtual collocation service should have been 1.79, not 1.35, and the DS3 factor should have been 1.28, not 1.23.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Petition for Partial Reconsideration" was served this 5th day of July, 1995 by first class mail, postage prepaid, on the parties on the attached list.

  
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